GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:221
ANSWERED ON:14.03.2016
Startup India
Ahmed Shri Sultan ;Singh Shri Bharatendra

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has launched Startup India action plan recently and if so, the salient features of the scheme;

(b) whether any emphasis has been laid on the rural/backward regions of the country in the scheme and if so, the details thereof;

(c) whether the Government has identified the activities/businesses covered under the Startup schemes and if so, the details thereof;

(d) whether the Government is providing any credit guarantee to the entrepreneurs for Startup and if so, the details thereof; and

(e) whether Labour Laws, Taxation and Environment Laws, etc. are likely to be relaxed in the Startup and if so, the details thereof?

Answer

???????? ??? ?????? ???????????? (????????? ??????)(??????? ??????? ???????)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) to (e): A statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO 221 FOR 14.03.2016.

(a): Yes, Madam. Startup India initiative of the Government of India was launched to build a strong eco-system for nurturing innovation and Startups in the country. This initiative aims to empower Startups to grow through innovation and design by supporting various components of the starup eco-system. An Action plan for Startup India has been released by the Prime Minister of India on 16th January, 2016 which includes:-

i. Simplification and Handholding
â€¢ Simple Compliance Regime for startups based on Self-certification
â€¢ Launch of Mobile app and Portal for compliance and information exchange
â€¢ Startup India Hub to handhold startups during various phases of their development
â€¢ Legal support and fast-tracking patent examination at reduced costs
â€¢ Relaxed norms of public procurement for startups
â€¢ Faster exit for startups
ii. Funding support and Incentives
â€¢ Providing funding support through a Fund of Funds with a corpus of Rupees 10,000 crore
â€¢ Credit guarantee fund for startups
â€¢ Tax exemption on capital gains invested in Fund of Funds
â€¢ Tax exemption to startups for 3 years
iii. Industry-Academia Partnership and Incubation
â€¢ Organizing Startup Fests to showcase innovations and providing collaboration platforms
â€¢ Launch of Atal Innovation Mission (AIM) with Self −Employment and Talent Utilization (SETU) Program of NITI Aayog
â€¢ Harnessing private sector expertise for setting up incubators
â€¢ Setting up of 7 new research parks modeled on the Research Park at IIT Madras
â€¢ Launching of innovation focused programs for students.
â€¢ Annual Incubator Grand Challenge to promote good practices among incubators.

(b) & (c): No specific component targeting backward/rural areas has been identified in the initiative. However, the initiative aims at spread of the startup ecosystem to tier 2 and tier 3 cities including semi-urban and rural areas. In order to augment the incubation and R&D efforts in the country, the Government plans to set up / scale up 31 centres of innovation and entrepreneurship at national institutes in various cities. In order to promote research and innovation among young students, the Government shall implement three schemes: innovation core programme, National Initiative for Developing and Harnessing Innovations (NIDHI) and Uchhattar Avishkar Yojana.

(d): The initiative provides for creating a credit guarantee fund for startups through National Credit Guarantee Trust Company (NCGTC)/SIDBI with a Corpus of Rs. 500 crore per year for the next four years.

(e): Labour Laws, Taxation and Environment Laws etc. would be relaxed in the Startup India initiative to allow them to self-certify compliance with the following 9 labour and environment laws:

Labour Laws:
â€¢ The Building and other construction workers' (Regulation of employment & conditions of service) Act, 1996
â€¢ The Inter-State Migrant Workmen (Regulation of employment & conditions of service) Act, 1979.
â€¢ The Payment of Gratuity Act, 1972
â€¢ The Contract Labour (Regulation and Abolition) Act, 1970
â€¢ The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
â€¢ The Employees' State Insurance Act, 1948

Environment Laws:
â€¢ The Water (Prevention & Control of Pollution) Act, 1974
â€¢ The Water (Prevention & Control of Pollution) Cess (Amedment) Act, 2003
â€¢ The Air (Prevention & Control of Pollution) Act, 1981

The Action Plan also provides that in case of labour laws, no inspections will be conducted for a period of 3 years. Startups may be inspected on receipt of credible and verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer. In case of environment laws, Startups which fall under the 'white category' as defined by the Central Pollution Control Board (CPCB) would be able to self-certify compliance and only random checks would be carried out in such cases.

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